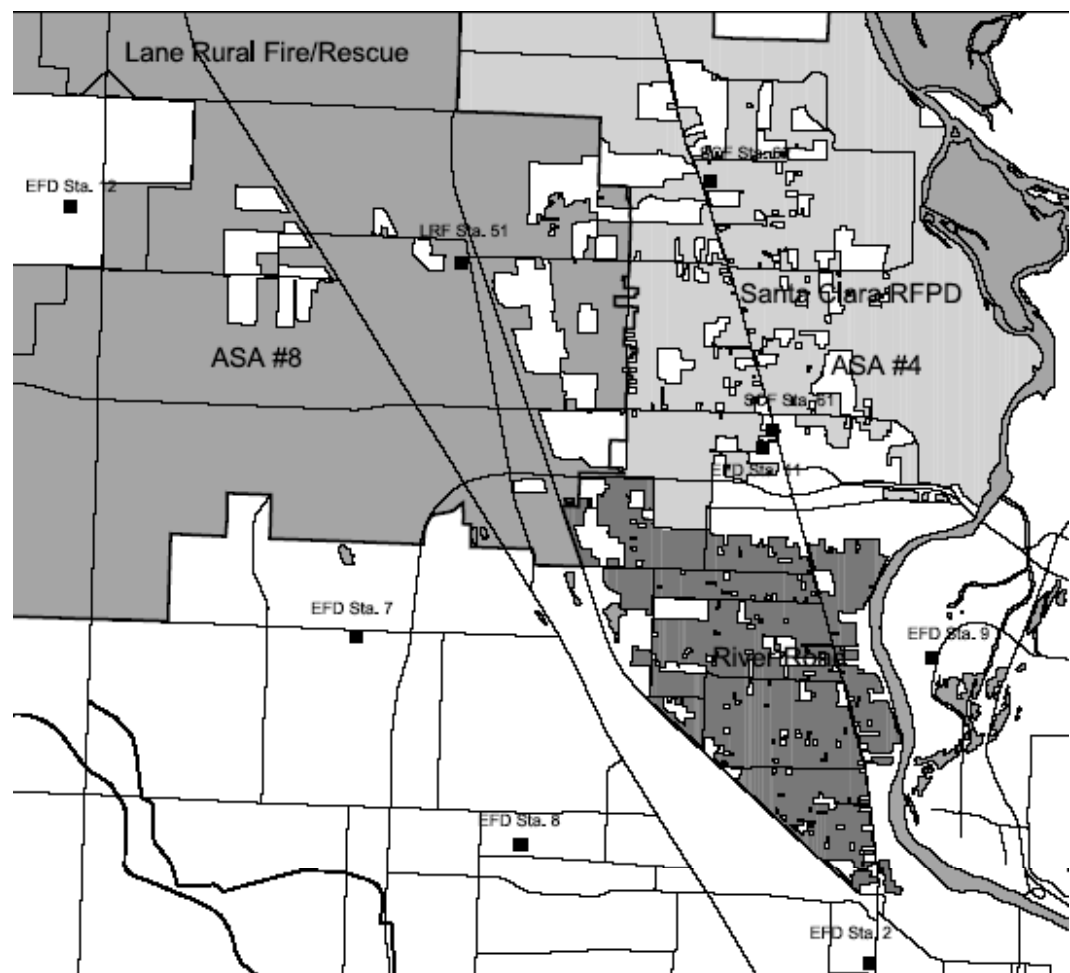


## OVERVIEW

Fire and emergency medical services (EMS) typically include fire prevention, public education, fire investigation, building inspection and fire and life safety plan review, as well as response to fires, alarms, specialized rescues, medical emergencies, hazardous materials releases, and other emergency situations (typically called “first-responder services”). Figure 5-1 shows the taxing boundaries of the service providers in the River Road and Santa Clara areas. Table 5-1 lists the providers.

**Figure 5-1. Boundaries of fire and EMS service providers in River Road/Santa Clara**



Source: Eugene Fire & EMS Department.

**Table 5-1. Fire and EMS service providers in River Road and Santa Clara**

	River Road	Santa Clara
<b>Annexed</b>	City of Eugene	City of Eugene
<b>Unannexed</b>	City of Eugene	Lane Rural Fire/Rescue Santa Clara Rural Fire Protection District

Source: Compiled by ECONorthwest.

The remainder of this section is organized as follows:

- **Understanding the service** describes how fire and EMS services are typically delivered in urban areas, and describes the issues and analytical concerns associated with delivering the service.
- **Existing services and providers** describes the agencies and districts that provide the services and the level of service they provide.
- **Fiscal analysis** describes the costs to provide existing services. It also discusses revenues collected that are directly connected to delivering fire and EMS services, how revenues in River Road and Santa Clara compare to revenues within the City of Eugene, and how expected growth and change in demand for services resulting from annexation will impact costs and revenues.
- **How different groups view the issues** describes service providers and service recipients' perspectives on the current level of service.
- **Conclusions** provides a summary of the fire and EMS services.

## UNDERSTANDING THE SERVICE

The majority of calls within most fire and EMS departments today are for medical treatment rather than fire suppression. For example, across the City of Eugene in Fiscal Year 2003, almost 70% of all calls were for medical situations (both emergency and non-emergency), the rest were for fires (structures, brush, and vehicles), hazardous materials, and rescue situations. Less than 1% of all calls were for structure fires. In the City of Eugene, the number of calls for fire suppression services has not grown since 1980, remaining at fewer than 1,000 per year. In contrast, medical calls have grown from approximately 1,500 in 1980 to over 9,000 in 2002.<sup>1</sup>

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<sup>1</sup> Eugene Fire & EMS Department. *Standards of Response Coverage*. November 2003. Pages 21, 106.

## URBAN LEVEL OF SERVICE FOR FIRE AND EMS

An urban level of service requires an integrated service system that complies with federal, state, and local regulations for firefighting and life safety procedures and a professional staff available twenty-four hours a day. The more developed an area becomes the more essential this urban level of service becomes.

Fire and life-safety services have many elements that must come together to reduce the risk of life and property in dense urban areas. Fire departments have become the agency of first response to all emergencies, except those involving criminal activity. Every call received by 911 is evaluated as to its threat to life, property and the environment, and, when lives are truly at risk, the closest unit is dispatched with a goal of arrival of less than four minutes. Four minutes is the National Fire Protection Association (NFPA) standard.<sup>2</sup> Quick response is essential to reduce injuries and property damage.

The effectiveness of the life-safety system depends on (1) appropriate apparatus and equipment located in strategic locations, and (2) properly trained personnel being available at all times to operate and maintain that equipment. When a 911 call arrives, the correct personnel with the correct equipment must arrive within minutes and must be able to provide immediate response, size up the situation, effectively deploy available resources, and report back to the dispatcher any need for additional equipment or personnel.

Prior to the 911 call, however, a fire department, in conjunction with a building and permitting division, has been working hard to prevent fires and reduce damage if they do occur. They examine buildings during design and construction for safety and fire prevention; commercial buildings are inspected to assure continued safety throughout their useable life. They locate and catalog any hazardous materials, and work to assure proper storage and handling. Modern fire departments focus on fire *prevention*. They view a structural fire as a system failure even if the firefighters and equipment arrive in less than four minutes and are able to put out the fire without significant damage. All members of the department extensively train on how to respond to emergencies of all types, how to control the risk, and how to reduce the impact on life, the environment and property in the area.

Federal and Oregon State Occupational Safety and Health Administration (OSHA) procedures for interior structural fires require that at least two properly trained and equipped firefighters be available for entry, and that at least two additional firefighters be available outside the building as dedicated backup. The NFPA standard is for a minimum force of 15 firefighters for fires where an aerial ladder device is required.<sup>3</sup> Therefore, a minimum of four firefighters must be present before any firefighters enter a building and 15 firefighters must be present for full capability. The standard does allow for early entry if an imminent threat to life is present.

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<sup>2</sup> Eugene Fire & EMS Department. *Standards of Response Coverage*. November 2003. Page 43 and Appendix A.

<sup>3</sup> Eugene Fire & EMS Department. *Standards of Response Coverage*. November 2003. Pages 50, 79 and Appendix A.

Moreover, an urban system should be prepared to handle two major events and two minor events at the same time, 24 hours of every day, of every year. All of the support systems that backup the first responders must also be available on a 24 hour basis.

## ISSUES AND ANALYTICAL CONCERNS

For all these reasons, providing life and property protection in an urban fire department is expensive. Moreover, paying that expense is like paying for house or life insurance: you hope you never use it. And most people in a city never use it, at least not directly. Thus, it is understandable that people would say that they do not use fire and EMS services or, more likely, that they do not need a full and expensive level of service. But to have it available when it is needed means that it has to be provided all the other times as well.

The service is available to everyone all the time. People who live in an area with less fire protection may work at businesses in areas with more fire protection. Since many emergency response calls are for car fires or accidents, people are often being protected by another jurisdiction's emergency response system and budget. In a metropolitan area with a mix of emergency response capabilities, *not responding* is not an option. If one area has a major fire and a lesser capability to fight it because of voter decisions to fund less staff and equipment, other jurisdictions will normally provide back up.

A related point is that people in different areas of a city can make a case that they need different levels of fire protection and should pay different costs. This is an old and technically unresolvable problem of public finance: it gets resolved politically. Every property class can make an argument about why some other property class should pay more. Consider some examples of the arguments:

- The downtown should pay more because it has dense and expensive buildings, and requires special equipment for firefighting. Or, it should pay less because inspections of commercial buildings make fires less likely and response times can be quick because of the central fire station.
- Industrial properties should pay more because they have special and often hazardous materials. Or, they should pay less because they are relatively spread out and the chances of extensive fires are reduced.
- Residential properties should pay more because they make the bulk of the service calls (mainly for EMS). Or, they should not pay more because part of the costs of those calls is charged back to them (and often paid for by insurance).
- Low-density residential areas should pay more because they require more fire stations to be built to keep a minimum response time. Or, they should pay less because the fires are easier to fight and less likely to jump to other properties.

In short, it is common for everyone to believe they are subsidizing someone else.

In our analysis, we assume that households pay for fire and EMS protection through their property taxes. The total revenue each household contributes to the City's or a special district's budget is directly correlated to the assessed value of the property. We do not attempt to assess the different demand different user groups have for emergency services.

## EXISTING SERVICES AND PROVIDERS

In this section we discuss existing service levels and providers in the River Road and Santa Clara area within the urban growth boundary. Residences in *annexed* areas of River Road receive fire and EMS services from the City of Eugene's Fire & EMS Department. Residences in *unannexed* areas of River Road also receive fire and EMS services under contract from the City of Eugene Fire & EMS Department, paid by the River Road Water District (RRWD).

The contract between the City of Eugene and the RRWD contains a provision that the City has the right to withhold resources if they are needed to respond to a large catastrophe within the City of Eugene. The Eugene Fire & EMS Department reports that they have never invoked that clause.<sup>4</sup> Because this clause has never been invoked and would only be invoked under catastrophic conditions, it is reasonable to conclude that annexed and unannexed properties in River Road receive the same level of service from the same service provider.

Fire and EMS service in Santa Clara is more complicated. *Annexed* areas of Santa Clara are served by the Eugene Fire & EMS Department. *Unannexed* areas of Santa Clara receive fire and EMS services from the Santa Clara Rural Fire Protection District or Lane Rural Fire/Rescue, depending on their location within Santa Clara (see Figure 5-1). Although each agency is responsible for a prescribed area, which one actually responds depends on the availability of appropriate resources at any given time.

The Santa Clara Rural Fire Protection District (Santa Clara RFPD) serves properties generally north of the Beltline to Beacon Drive and east of Stark Street to the Willamette River. Portions of its District (especially outside the Urban Growth Boundary) are still rural with very low density.

Lane Rural Fire/Rescue (LRF/R) serves properties generally north of the Beltline and west of Stark Street to the Northwest Expressway. The majority of LRF/R's geographical service area is outside of the River Road and Santa Clara areas and outside Eugene's UGB.

Service for medical calls in the Santa Clara area differs from that for fire services. Figure 5-1 shows the Ambulance Service Area (ASA) boundaries in the Santa Clara area. LRF/R serves all ambulance transport requests within its ASA, which differs slightly from the Stark Street boundary. The City serves all ambulance transport

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<sup>4</sup> Personal communication with Matt Shuler, Deputy Chief, Administration. September 21, 2004.

requests within its ASA. The Santa Clara RFPD does not have an ASA, and therefore does not provide ambulance transport services.

Eugene Fire & EMS, LRF/R, and the Santa Clara RFPD have automatic aid agreements. Under an automatic aid agreement, an agency is dispatched and responds automatically into a portion of the other agency's jurisdiction without the necessity of a request for assistance. This means that the three agencies operating in Santa Clara all respond to some emergency calls.

## **CITY OF EUGENE**

Under regional and state contracts and agreements, the City of Eugene provides centralized services to the entire region including the Central Lane Communications 911 Center, the new computer aided dispatch and records management systems, the Technical Rescue Team, the Water Rescue Team and the Hazardous Materials Team. These specialized services benefit Eugene and surrounding areas.

## **RIVER ROAD**

Three Eugene fire stations serve River Road residences and businesses: Station 2, located at Chambers Street and 2<sup>nd</sup> Avenue; Station 7, located in the Bethel-Danebo at 4664 Barger Drive; and Station 11, at 119 Santa Clara Avenue. Station 11 is currently housed in a temporary facility, but the City began work on a permanent structure in July of 2004. Figure 5-1 shows the location of these stations.

The Eugene Fire & EMS Department staffs stations with full-time paid firefighter/paramedics 24 hours a day, seven days a week. Full companies, each with three firefighters are dispatched to emergencies depending on the call. A structure fire will receive a response of at least fifteen firefighters. Eugene Fire & EMS has other resources including the Technical Rescue Team, the Hazardous Materials Team and the Water Rescue Team. Eugene Fire & EMS staffs each engine company with at least one certified paramedic.

Water flow in the River Road area is adequate, according to the Eugene Fire & EMS Department and EWEB.<sup>5</sup> The Eugene Fire & EMS Department maintains public fire hydrants in the River Road area, and the Department checks private hydrants. The volume and pressure of both public and private hydrants is excellent. There are a few areas where water mains do not meet City code levels for water pressure—they are east of River Road, where streets dead-end against the Willamette River. The water mains on some of those streets are not looped to other mains, so there could be inadequate water pressure to put out a large fire in a very large building, or in the event of multiple fires occurring simultaneously. Fire Department personnel point out that the risk of such a conflagration is very unlikely in the River Road area, because most of the structures are single-family residences.<sup>6</sup>

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<sup>5</sup> Personal communication with Matt Shuler, Deputy Chief, Administration. March 23, 2004, and Chris Bigelow, Water Engineering Tech 2, Eugene Water and Electric Board. March 26, 2004.

<sup>6</sup> Personal communication with Matt Shuler, Deputy Chief, Administration. March 23, 2004.

The average time from dispatch of first responders to arrival on the scene to emergency situations in Eugene and River Road for Fiscal Year 2002-2003 is four minutes and 51 seconds.<sup>7</sup> The Eugene Fire & EMS department has adopted goals of 6.5 minutes for the arrival of the first company and 10.5 minutes for a full response to a structural fire 90% of the time.<sup>8</sup> Precise response times by area are unavailable for all fire and emergency service providers under the current data collection system. According the Eugene Fire & EMS Department, response times in the River Road area are within the urban average, and service in the area is comparable to the rest of the City.<sup>9</sup>

The Insurance Services Office (ISO), a private property and liability risk company, rates local fire service agencies for use in helping insurers to set fire insurance premiums for local property owners. Class 1 is the highest fire protection rating. A Class 10 rating is for areas with no fire protection. Eugene Fire & EMS is rated Class 2 (Class 2 is the highest of any ratings in Oregon), and the River Road area is rated Class 2.

The Fire and EMS department reported that Fire Station 2, at 2<sup>nd</sup> and Chambers, has good access to most of River Road and the new Fire Station 11 is well situated to respond to the part of the area furthest from Station 2. All of the River Road area is hydrated.<sup>10</sup>

## **SANTA CLARA**

As of 2002, the City of Eugene Fire & EMS Department provides first response services to the incorporated portions of Santa Clara. The Department serves the area out of Station 7 in the Bethel-Danebo area, Station 2, at Chambers Street and 2<sup>nd</sup> Avenue, and Station 11 on Santa Clara Avenue. Station 11 is a new station, at 119 Santa Clara Avenue, just west of River Road and a quarter-mile north of Belt Line Road. The department is using a converted residence until the City completes a permanent fire station on the site.

The Eugene Fire & EMS Department reassigned the engine and crew from Station 9, near Valley River Center, to the new Station 11. Because Station 11 currently lacks full facilities for a fire crew, the crew and engine continue to report to Station 9 every morning to conduct shift changes and perform routine maintenance. This means that the engine and crew could be out of the Santa Clara area in the event of an emergency. The City has an automatic aid agreement with the Santa Clara RFPD to cover calls during those parts of the day when the crew and the engine are not in the area. As part of this agreement, the City pays the Santa Clara RFPD \$100 for every

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<sup>7</sup> Eugene Fire & EMS Department. *Standards of Response Coverage*. November 2003. Page 48.

<sup>8</sup> Eugene Fire & EMS Department. *Standards of Response Coverage*. November 2003. Appendix B.

<sup>9</sup> Personal communication with Matt Shuler, Deputy Chief, Administration. March 23, 2004. Eugene Fire & EMS Department. *Standards of Response Coverage*. November 2003. Page 47.

<sup>10</sup> Personal communication with Matt Shuler, Deputy Chief, Administration. May 6, 2004.

call that they provide first response during those times when Eugene Fire & EMS personnel are out of the area.

As with all areas served by the City of Eugene, the annexed portions of Santa Clara have an ISO rating of Class 2. All of the Santa Clara area within the urban growth boundary is hydranted.<sup>11</sup>

Before 2002, Santa Clara RFPD and LRF/R provided first response fire and EMS coverage to the annexed portions of the Santa Clara area under contracts with the City of Eugene. Because of increased development, the long-standing agreement became less appropriate for the City of Eugene. This was particularly true for the southern-most portion of Santa Clara. In recent years, a number of assisted-living facilities for senior citizens have been built just north of Belt Line Road. The demographics of these facilities increased demand for EMS and it became difficult for the Santa Clara RFPD to provide service to these facilities.

Santa Clara RFPD and the City negotiated to change the contract boundary of the Santa Clara RFPD (but not its District boundary). Before the revised proposal could be adopted, the District Board rejected it, and the parties could not reach a combined service agreement. The City ultimately decided that it should have a stronger presence in the Santa Clara area so that it could better serve the annexed properties, and established Station 11.<sup>12</sup> Because the City established Station 11, it decided that it was now better positioned to serve annexed residents previously serviced by the LRF/R, so the City terminated its agreement with that District as well.

The three service providers have automatic aid agreements, to ensure that emergency personnel arrive quickly. If a call comes to 911 reporting a fire, two or more providers may be dispatched depending on the location and nature of the call. If a fire alarm triggers the call, the primary responder answers the call (the primary responder is the City for annexed properties and the respective Fire Districts for unannexed properties). The 911 call center is able to immediately discern the source of the call, and knows which service provider to dispatch to the address. However, if an individual calls 911 for a neighbor, or uses a cell phone, the correct service provider may not be dispatched initially.

## **LANE RURAL FIRE/RESCUE**

The LRF/R reports that the service provided by the District is very good. While the LRF/R serves the Santa Clara area from its headquarters at 29999 Hallett Street, the District has three additional stations located in Lane County. The LRF/R has 15 full-time employees. There are always at least three people at the headquarters station, with seven to ten people present during regular business hours. The district relies on volunteers and interns to supplement paid personnel.

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<sup>11</sup> Personal communication with Matt Shuler, Deputy Chief, Administration. May 6, 2004.

<sup>12</sup> Eugene Fire & EMS Department. *Fire Service in Santa Clara: Past, Present, and Future*. October 2002.



The District has an ISO rating of Class 4, except for the rural portions that are outside of the urban growth boundary and our study area. The LRF/R Chief believes that the ISO rating provides little insight into the true level of service. He stated that the District's rating is eight or ten years old, and he believes that residents receive a level of service on par with City residents.<sup>13</sup> He believes the LRF/R District provides a level of service to medical emergencies at least equal to the City of Eugene. The Chief states that although many of the responders are volunteers and may not be at the station, they live in the area and are able to reach an emergency very quickly, if not faster than the City's Fire Department. However, with a volunteer force there is no guarantee of consistency of response in the event of major or multiple emergencies. For example, there may not be enough responders in the area able to arrive at the scene to comply with Federal and State OSHA procedures or NFPA standards for a structure fire. Because actual response times are not available for the three service providers, it is not possible to quantify differences in response times.

The LRF/R District and EWEB report that all of Santa Clara has fire hydrants, and the volume and pressure are excellent. The District relies on water tank trucks to respond to a fire located in the very low-density areas, where a structure sits on many acres and is far from a hydrant.

## **SANTA CLARA RURAL FIRE PROTECTION DISTRICT**

As of 2002, the Santa Clara RFPD provides fire and first responder services to the unannexed properties within its service district. The Santa Clara RFPD serves its district from two stations: at 2600 River Road near Beltline, and at 3939 River Road to the north. The District has three paid staff members and 43 volunteers. Most of the District labor is provided by the volunteers. The District has an ISO rating of Class 4, except for the rural portions that are outside of the urban growth boundary and our study area.

The Santa Clara RFPD reports that most of its district in Santa Clara has fire hydrants, and the volume and pressure of water are excellent. However, there are about 200 homes within the District that are in areas with no hydrants. These homes are outside the UGB, and thus not part of our study area. Santa Clara RFPD's engines carry 1,000 gallons of water to serve homes that are without hydrants.

The Santa Clara RFPD is dispatched for calls that originate from unannexed properties. The Santa Clara RFPD also responds to calls from annexed properties when City of Eugene Fire & EMS personnel are not in the area, as discussed above. Santa Clara RFPD reports that its response times could be slower than the City of Eugene's response times because their volunteers are not present at the fire station.<sup>14</sup> However, because response times are not available for the three service providers, it is not possible to quantify differences in response times.

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<sup>13</sup> Personal communication with Chip Darling, LRF/R Chief, March 23, 2004.

<sup>14</sup> Personal communication with Skip Smith, Santa Clara RFPD Chief, September 21, 2004.

## HOW DO EXISTING SERVICES COMPARE TO CITY'S SERVICES?

### RIVER ROAD

In the River Road area, the City provides all fire and EMS services to both annexed and unannexed areas. Thus, the relevant comparison is not to other providers (e.g., LRF/R or Santa Clara RFPD), but to other areas of the City that get this City service. The area is currently at a level of service equal to the level of service in the rest of the City of Eugene.

### SANTA CLARA

Because response time data was unavailable, the ISO rating is the only quantifiable data for comparing the level of service of the three fire and EMS providers. The ISO rating focuses on levels of risk associated with fire and life safety.

LRF/R does have some paid personnel and an ambulance service, however the agency still relies on mostly volunteers and is designed for less densely populated areas. In addition, Santa Clara RFPD reports that they sometimes have less than the minimum of four firefighters required by OSHA before entering a building. In the event of a major emergency, such as multiple fires, the rural fire districts would rely on the response of the City of Eugene and vice versa.

Due to the patchwork of service, the Santa Clara area lacks an integrated fire and emergency medical services system necessary for an urban level of service. Therefore, the area is currently not at the urban level of service provided by the City of Eugene Fire & EMS department. Table 5-2 summarizes the level of service as described above.

**Table 5-2. Fire and EMS service providers in River Road and Santa Clara and level of service**

	River Road	Santa Clara
<b>Annexed</b>	City of Eugene: Urban Service ISO 2 rating	City of Eugene: Urban Service ISO 2 rating
<b>Unannexed</b>	City of Eugene: Urban Service ISO 2 rating	<p>Lane Rural Fire/Rescue:</p> <ul style="list-style-type: none"> <li>• Rural/suburban service with volunteer and paid personnel on 24-hour call</li> <li>• Compliant with federal and local training and equipment regulations</li> <li>• ISO 4 in Santa Clara study area</li> <li>• Fully hydranted with adequate water flow within the urban growth boundary</li> <li>• Ambulance Service</li> </ul> <p>Santa Clara Rural Fire Protection District:</p> <ul style="list-style-type: none"> <li>• Rural/suburban service with volunteer and paid personnel on 24-hour call</li> <li>• Compliant with federal and local training and equipment regulations</li> <li>• ISO 4 in Santa Clara study area</li> <li>• Fully hydranted with adequate water flow within the urban growth boundary</li> </ul>

## FISCAL ANALYSIS

### CITY OF EUGENE

The Fire and EMS department has many different cost categories, which can be organized into operating and maintenance (O&M) and capital. We first discuss O&M, and then capital.

#### OPERATING AND MAINTENANCE

The Department's operating and maintenance budget for Fiscal Year 2003-2004 is \$23.4 million and includes \$20.3 million for personnel and \$3.1 million for services and materials. The City of Eugene funds the operations and maintenance of Eugene's Fire & EMS Department with four funds, summarized in Table 5-3. The majority of expenditures in the Fire and EMS operating and maintenance budget are paid for by the City's General Fund. But the Fire & EMS Department uses three

additional funds—Construction Permits, Municipal Airport, and Emergency Medical Services—as shown in Table 5-3 below.<sup>15</sup>

**Table 5-3. Funds for Fire & EMS Department operating and maintenance expenditures, FY03-04**

<b>Fund</b>	<b>Total Expenditures</b>	<b>Percent of O&amp;M Budget</b>
General Fund	\$17,297,704	73.8%
Construction Permits Fund	\$188,066	0.8%
Municipal Airport Fund	\$566,169	2.4%
EMS Fund	\$5,396,644	23.0%
<b>Total</b>	<b>\$23,448,583</b>	<b>100.0%</b>

Source: City of Eugene Annual Budget – Fiscal Year 2004.

The Fire & EMS Department’s operating and maintenance budget includes personnel costs, facilities (including custodial services and utilities), and fleet maintenance (including routine repairs). The City of Eugene provides specialized services to the region including the Central Lane Communications Center, the Technical Rescue Team, the Water Rescue Team and the Hazardous Materials Team. The fire districts that contract for service from Eugene each pay for a portion of the services based on their portion of assessed value. The Hazardous Materials costs are paid by those districts, net of the annual funding received from the State for training and equipment, as well as any revenue received from responsible parties for state-qualifying calls.

The State reimburses the City for some costs and pays for some direct expenses, including personnel costs for billable responses, training and travel, equipment replacement, and back-fill.<sup>16</sup> The City receives approximately \$20,000 annually from the State for the Hazardous Materials team. The State does not reimburse the City for non-qualifying responses, monthly team drills, hazardous materials certification pay, vehicle maintenance, and other miscellaneous materials and supplies, totaling approximately \$100,000 annually.<sup>17</sup>

In this section, we first discuss the Fire and EMS services funded by the General Fund, and then we discuss the services supported by the other funds.

## General Fund

The Fire & EMS Department has three cost categories within the General Fund for O&M:

<sup>15</sup> The Emergency Medical Services Fund is now known as the Ambulance Transport Fund (ATF). The ATF was reviewed and renamed beginning in Fiscal Year 2004-2005 to more accurately describe the services provided under the fund.

<sup>16</sup> Personal communication with Matt Shuler, Deputy Chief, Administration. May 6, 2004.

<sup>17</sup> Personal communication with Matt Shuler, Deputy Chief, Administration. May 6, 2004.

- Operating and maintenance includes expenditures for personnel, supplies, equipment and fleet and facilities maintenance.
- Central administrative services are the City's central business functions, such as human resources.
- Fleet acquisition costs are for new or replacement fire apparatus and support vehicles, and are included in the Fleet Fund. (Ambulance acquisition is financed within the Emergency Medical Services Fund.)

The Fire & EMS Department's General Fund operating and maintenance expenditures for Fiscal Year 2003-2004 are \$17.3 million. To show total operating and maintenance costs associated with providing fire and EMS in Eugene, some expenditures must be added on to the department's General Fund operating and maintenance expenditures, including indirect costs for Central Services and fleet acquisition costs. The allocation of Central Service costs is a department's share of the City's costs for central business functions. The City calculates the allocation for each department to estimate the full cost of providing services by summing the Central Services Department's costs for indirect services and each department's administrative costs. Total administrative costs are then reallocated across departments. Because the allocation for indirect services includes department administrative costs, we must net out the Fire & EMS Department's General Fund administrative costs before adding the indirect service allocation. Fire & EMS Department administrative costs are \$0.2 million. The Central Services cost allocation for Fire and EMS is \$2.5 million.

Fleet acquisitions for General Fund purposes total an estimated \$556,000 and are paid for with a transfer from the General Fund to the Fleet Fund. Because fleet acquisition costs for fire services are paid for with a General Fund transfer we must add those costs to General Fund O&M expenditures to understand the full General Fund contribution to fire services.

We have calculated total General Fund costs for fire and EMS to be \$20.2 million. Based on estimated total assessed value in Eugene we calculated that the City of Eugene expends the equivalent of \$2.30 per \$1,000 in assessed value for fire and EMS O&M.

Property taxes do not cover all costs for fire and EMS. To calculate the actual property tax contribution to the provision of services we need to first reduce our calculation for total General Fund costs (\$20.2 million) by the amount of revenue that a particular service contributes to the General Fund. The Fire & EMS Department contributes \$1.5 million in revenue to the General Fund. Thus, General Fund costs that are not covered by revenue generated by Fire and EMS total \$18.7 million. We calculated the property tax contribution to this amount by determining what percent of nondedicated General Fund revenue Fire and EMS costs account for. We then multiplied that portion by the permanent property tax rate of \$7.0058 to determine the Fire & EMS Department's portion of the permanent rate. Table 5-4 shows the contribution of property taxes to the Fire & EMS Department's General Fund operating budget.

**Table 5-4. Property Tax Contribution to Operating and Maintenance Expenditures, FY03-04**

	<b>FY2003-2004 Expenditures (\$)</b>
Fire and EMS Department's Total O&M Budget	23,448,583
General Fund-Fire and EMS O&M Budget	17,297,704
Department Administrative Costs	(188,326)
Fire and EMS Indirect Cost Allocation for Central Services	2,535,000
Fleet Acquisition Costs	556,000
Fire and EMS Revenue to the General Fund	(1,485,434)
Calculated Fire and EMS O&M Costs	18,714,944
Calculated Portion Covered by Property Taxes	\$1.74

Source: Calculated by ECONorthwest with data from City of Eugene Annual Budget – Fiscal Year 2004.

City of Eugene property owners are paying property taxes of approximately \$1.74 per \$1,000 in assessed value for fire and EMS for Fiscal Year 2003-2004.<sup>18</sup> For a property with an assessed value of \$115,000 (the approximate average assessed value within River Road/Santa Clara), would pay an estimated \$200 per year of property taxes for fire and EMS O&M.

## Non-General Fund Resources

There are three other funds that support the Fire & EMS Department's O&M.

The **Construction Permits Fund** accounts for construction permit activities. The fund is primarily supported by construction permit fees. The Fire & EMS Department conducts fire and life safety plans review and safety inspections with new construction, and the Department is paid from the fund for those inspections. If the City were to fully annex River Road/Santa Clara, revenues would not change from their current status.

The **Municipal Airport Fund** accounts for operations of the municipal airport. The fund generates revenue by renting airport terminal space to airlines, landing fees, and police and fire protection charges. The Eugene Fire & EMS Department receives funding for first responder fire and EMS to the Eugene Airport.

The **Emergency Medical Services Fund** accounts for the operations of ambulance-based services provided by the Fire and EMS department. The Fund's revenues are generated by user charges—received from FireMed, insurance companies, Medicare, and Medicaid for providing medical transport services. FireMed is an ambulance membership program offered by the City of Eugene Fire & EMS Department, the City of Springfield Fire and Life Safety Department and the

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<sup>18</sup> The City of Eugene realizes a 93% collection rate for property taxes. This means that if the City of Eugene were to levy just for Fire and EMS, it would need to levy at a higher rate than \$1.69 per \$1,000 in assessed value in order to collect \$1.69 per \$1,000 in assessed value. The City would need to actually levy \$1.82.

Lane Rural Fire/Rescue District. Members pay \$45 annually. FireMed provides all medically necessary ambulance transportation services. When a member uses the ambulance service, FireMed bills the member's medical insurance, and accepts whatever payment they make as payment in full. If the member has no insurance, FireMed covers the entire bill. The Emergency Medical Services Fund receives no tax revenue from Eugene property owners.

## CAPITAL

Capital projects include the acquisition or construction of a fixed asset that has a life expectancy greater than one year and monetary value greater than \$5,000, such as constructing a new fire station. Capital projects are included in a separate Capital Budget.

The City has issued capital debt for fire and EMS facilities. The City of Eugene has two outstanding General Obligation Bond issuances for Public Safety capital facilities with total remaining principal of \$24.1 million.<sup>19</sup> For FY03-04 the City of Eugene will pay \$2.3 million in debt service for capital debt for Public Safety. The property tax rate for debt service is \$0.4242.<sup>20</sup> We have calculated that debt service for Public Safety capital debt accounts for approximately \$0.24 of the \$0.4242 bond rate for FY03-04.

The City purchased the land for the new Station 11 for \$555,000, including \$400,000 in River Road/Santa Clara Assessment Bond Fund Reserves and \$155,000 from the Facility Reserve. The River Road/Santa Clara Assessment Bond Fund Reserves includes monies from previous assessments from County and City residents. The City has budgeted \$3.9 million to build the new station in Santa Clara. The City is financing Station 11 from a variety of sources, as shown in Table 5-5.

**Table 5-5. Funding Sources for Station 11**

	<b>Budgeted Amount</b>
Fire Contract Savings for FY02-03 through FY04-05	\$435,000
Funds from savings when the AIRS contribution ends for FY03-04 through FY04-05	135,000
City of Eugene Limited Tax Bonds	2,090,000
Sale of Surplus Fire Stations	780,000
General Capital Projects Fund	500,000
<b>Total</b>	<b>\$3,940,000</b>

Source: Eugene City Council Agenda Item Summary, July 23, 2003.

<sup>19</sup> The General Obligation bonds were issued for fire and EMS facilities and for the 911 Call Center. The majority of the bond proceeds funded fire and EMS facilities. For the purposes of this discussion we attribute all Public Safety capital debt service to the Fire and EMS department.

<sup>20</sup> The actual debt service rate levied by the City of Eugene in FY03-04 is \$0.4205.

## TOTAL COSTS

In total, City of Eugene property owners are paying property taxes of approximately \$1.98 (\$1.74 for O&M plus \$0.24 for capital) per \$1,000 in assessed value for fire and EMS for FY03-04. Table 5-6 shows the total costs for fire and EMS services.

**Table 5-6. Total Costs for Fire & EMS Operating and Capital**

	<b>FY03-04 Expenditures (\$)</b>	<b>Calculated Portion Covered by Property Taxes</b>
Calculated Fire and EMS O&M Costs	18,714,944	\$1.74
Non-General Fund Fire and EMS Costs	6,571,879	n/a
Capital Principal + Interest Paid	2,251,718	\$0.24
<b>Total Costs</b>	<b>27,538,541</b>	<b>\$1.98</b>

Note: Non-General Fund Fire and EMS costs include expenditures from the Construction Permits Fund, Municipal Airport Fund, EMS Fund and the associated Central Services allocation.

Source: Calculated by ECONorthwest with data from City of Eugene Annual Budget – Fiscal Year 2004.

A property in the City of Eugene with an assessed value of \$115,000 (the approximate average assessed value within River Road/Santa Clara) would pay an estimated \$228 per year of property taxes for fire and EMS services.

Based on estimated total assessed value in Eugene we calculated that the City of Eugene expends the equivalent of \$2.54 (\$2.30 for O&M plus \$0.24 for debt) per \$1,000 in assessed value for General Fund fire and EMS O&M costs and capital costs.

## RIVER ROAD WATER DISTRICT

RRWD has entered into a contract with the City of Eugene for fire protection and Emergency Medical Services. The City also provides these services to four other fire districts. Every year, RRWD and the four other fire districts negotiate the rate that the districts pay the City for fire and EMS services. The City and districts first decide what costs the rate shall cover. Typically, the City and the districts have agreed that the districts will pay for costs directly related to departmental and Central Service costs, but not capital and fleet costs.

After costs have been negotiated, the districts and the City calculate a “Base Rate” per \$1,000 in assessed value. The Base Rate is determined by dividing the total negotiated costs by total assessed value for all areas served by the City of Eugene Fire & EMS Department and multiplying the result by 1,000. The Base Rate is then multiplied by the assessed value within the RRWD to determine the amount the RRWD pays the City for fire protection and Emergency Medical Services. Table 5-7 below summarizes the calculations.



**Table 5-7. River Road Water District's Payment to Eugene Fire & EMS, FY03-04**

	<b>Amount</b>
Total Fire and EMS costs <sup>1</sup>	\$20,879,896
Total Assessed Value for all areas receiving service from the Eugene Fire & EMS Dept. <sup>2</sup>	\$9,138,379,883
Base Rate (costs/Total A.V. x 1,000)	\$2.28
 Total A.V. in RRWD	 \$337,675,291
RRWD A.V./\$1,000 x Base Rate	\$771,540

1. For the purposes of establishing the contract rate, the Fire & EMS Department methodology differs from the methodology used in this report. Most significantly, the Fire & EMS Department did not include capital costs, but did include \$866,180 for dispatch fees in the estimate of total costs of \$20.9 million. In addition, the estimate of \$20.9 million includes adjustments based on actual costs for the previous year.

2. The Total Assessed Value includes the City of Eugene, the River Road Water District and four other fire districts (Eugene Rural #1, Willakenzie, Zumwalt and Bailey-Spencer) receiving service from the Eugene Fire & EMS Department.

Source: City of Eugene and RRWD Fire Protection and Basic/Advanced Life Support Emergency Medical Services Intergovernmental Agreement, Exhibit D.

The Eugene Fire & EMS department bills ambulance and paramedic charges separately to insurance companies and recipients of those services.

The Eugene Fire & EMS costs included in the contract do not include capital costs (planning and building new fire stations) or fleet costs (operating and maintaining fire vehicles and acquiring new vehicles). Therefore, RRWD and thus River Road residents are paying less than the full cost of the fire and emergency services they receive. RRWD is paying the City of Eugene \$2.28 per \$1,000 in assessed value, or \$0.24 less than the \$2.52 per \$1,000 in assessed value the City of Eugene expends for providing the service.

The RRWD collects \$1.969 per \$1,000 in assessed value for properties within its service district. The RRWD pays the City \$2.28 per \$1,000 in assessed value for fire service to properties within its service district. The tax rate paid by property owners is less than the cost of the City's service in River Road. To cover the difference, the RRWD charges water customers \$5.00 per month in addition to usage rates for water through EWEB bills. The RRWD then uses a portion of the \$5.00 per month charge and water rates to subsidize the cost of fire and EMS from the City and cover its administrative costs. The RRWD projects it will raise a total of \$637,031 in FY03-04 property taxes and an additional \$655,388 in water revenue.

## LANE RURAL FIRE/RESCUE

The LRF/R taxing district only provides fire and EMS services. Therefore all taxes generated by that district fund that service. The LRF/R district covers a much wider area than the area it serves within Santa Clara. The LRF/R's total operating budget for Fiscal Year 2003-2004 is \$2,042,500, which includes revenue from property taxes and contracted services. The LRF/R maintains a Capital Reserve Fund for major equipment and capital acquisitions. The LRF/R is not contributing property tax proceeds to the Capital Reserve Fund in Fiscal Year 2003-2004. The fund balance is

\$1,772,980. The LRF/R is receiving \$2.1174 per \$1,000 in assessed value to provide fire and EMS in Santa Clara.

## **SANTA CLARA RFPD**

The Santa Clara RFPD taxing district only provides fire and first responder services. Therefore all taxes generated by that district fund that service. The Santa Clara RFPD's budget for Fiscal Year 2002-2003 totaled \$707,158. The Santa Clara RFPD maintains a Capital Reserve Fund for major equipment and capital acquisitions. The Santa Clara RFPD is not contributing property tax proceeds to the Capital Reserve Fund in Fiscal Year 2003-2004. The fund balance is \$228,518.

The Santa Clara RFPD service area extends beyond the UGB, but most of the district lies within the UGB. In addition to property tax revenues, Santa Clara RFPD receives payments of \$100 from Eugene for every call the Santa Clara RFPD answers in the City's primary service area during the portion of the day that Engine 11 is not at Station 11. For the first six months of Fiscal Year 2003-2004, Eugene paid Santa Clara RFPD for 71 calls, or a total of \$7,100, under this agreement. The Santa Clara RFPD is spending \$1.0439 per \$1,000 in assessed value to provide fire and EMS in Santa Clara.

## **IMPACTS OF EXPECTED GROWTH AND CHANGE**

### **CITY OF EUGENE**

The City of Eugene expects that the Santa Clara area will grow, and that new developments will continue to be annexed to the City. The number of properties that the City is responsible for will increase, and the City will require additional stations and personnel proximate to those residents in order to meet response time goals. The Fire & EMS Department has already determined that the current population and development warrant a station in the southern portion of Santa Clara.

The Fire & EMS Department reports that in the event that the City of Eugene were responsible for Fire and EMS response for the entire Santa Clara area in addition to the current responsibilities in River Road, Station 11 and the current Eugene fire station network would be sufficient to serve the area at current population and development levels.<sup>21</sup> However, as development in the area occurs, it will make more sense for the City to consider an additional fire station in the northern portion of Santa Clara.

If the City of Eugene were to annex all of River Road or Santa Clara, the City's revenue would change and the property owners' property taxes would change. The City levies four different property taxes, but in this section we only discuss the two that impact fire and EMS services: the City's permanent rate, which funds the General Fund, and the Bond Rate, which funds capital expenditures. Currently, the

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<sup>21</sup> Personal communication with Matt Shuler, Deputy Chief, Administration. May 6, 2004.

City expects to generate \$59.2 million from the permanent rate and \$3.6 million for the Bond Rate in FY03-04.

If the City annexed more properties in the River Road or Santa Clara areas, the City's total assessed value would increase. Overall, it would increase the City's total property tax revenue. Total revenue collected by the permanent rate would increase in direct proportion to the assessed value of annexed properties. Chapter 3 provides a detailed discussion of revenue impacts the City would experience if River Road and Santa Clara were annexed.

The revenue generated by the debt service levy would not change. The levy is designed to generate a specific amount of revenue; the tax rate fluctuates with the value of assessed property. Thus, annexing a large area would not cause the Debt Service revenue to change, but the tax rate experienced by individual property owners and the rate budgeted by the City would decline. If the City annexed all of the River Road and Santa Clara in Fiscal Year 2003-2004, we calculate that the budgeted Bond Rate for debt service would decline from \$0.4242 to \$0.3852 per \$1,000 of assessed value. To calculate that rate, we added the total assessed value of River Road and Santa Clara to the City's current total assessed value, and divided the total annual levy by the new total assessed value, and divided by 1,000.

## **RIVER ROAD AND SANTA CLARA**

### **RRWD**

The RRWD believes that it is a financially stable entity in the long term. Although individual properties will continue to be annexed by the City over time, the impact is very small on the District. Most annexations occur when a property is developed—in most cases a vacant property is annexed and developed. Typically properties annexed to the City, are underdeveloped or vacant. Therefore, the RRWD loses a vacant property from its tax base, which is only a small component. In addition, the RRWD uses water fees as an additional funding source to its property tax rate. So, much of the River Road area is already developed that the current system could continue to be financially viable for the RRWD in the long term.

### **LRF/R**

The LRF/R believes that it is a stable entity in the long term. It has a relatively high property tax rate (\$2.1174 compared to RRWD's rate of \$1.969 and Santa Clara RFPD's rate of \$1.0439). Although individual properties will continue to be annexed by the City over time, the impact is very small on the District. Most annexations occur when a property is developed—in most cases a vacant property is annexed and developed. Large vacant (or very under-developed) properties represent a small portion of its tax base, so the District could continue to be financially viable in the long term under the status quo. In addition, the ambulance service provides the District with a steady income stream.<sup>22</sup>

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<sup>22</sup> Personal communication with Chip Darling, LRF/R Chief, March 23, 2004.

## Santa Clara RFPD

The Santa Clara RFPD is in a more difficult position. The Santa Clara RFPD's property tax rate is the lowest in the River Road/Santa Clara area and is about half the rate of LRF/R and RRWD. Before 2002, it had a steady income stream from the City of Eugene. After the City of Eugene contract ended in 2002, the district was left with diminished resources to support fire services for the same geographical range. The loss of that income makes it more difficult to support the District.

Because the Santa Clara RFPD has limited alternative funding sources, one of its few options is to cut costs.<sup>23</sup> Because the district is largely volunteer, it would be difficult to cut personnel costs. This means that the most viable recourse is to cut infrastructure. The District owns two firehouses and two fleets, and must maintain them both. The two stations made sense when the District provided service to the whole area, but now that the City is the primary service provider for annexed properties within Santa Clara and has located Station 11 very close to one of the District's fire stations, there is a duplication of capital equipment.

The City of Eugene has offered to co-locate with the Santa Clara RFPD in the new Station 11.<sup>24</sup> Such an arrangement would likely result in the Santa Clara RFPD closing down its southern station to save resources and moving into Station 11. To date, the Santa Clara RFPD has not accepted the City's offer.<sup>25</sup>

## HOW DIFFERENT GROUPS VIEW THE ISSUES

This section briefly summarizes the view that service providers and service recipients have toward the provision of fire and EMS in the River Road and Santa Clara areas.

The Urban Services Committee reported that **citizens of River Road and Santa Clara** have been generally satisfied with the provision of fire and emergency services from all providers. However, many residents are confused by the structure of the provision of fire and EMS. There is uncertainty about who will respond to a 911 call. Some residents viewed the proposal to divide the Santa Clara RFPD between the City and the Santa Clara RFPD as a step towards complete annexation by the City. Some area residents believe the location of the new station is inefficient and results in a duplication of services and also view the new fire station as a further indication of the City of Eugene's intent to annex the area.

As **the City of Eugene** plans and prepares for the eventuality of the River Road/Santa Clara area becoming a part of the city, it has a responsibility to ensure that current City residents receive an urban level of service. All City residents should receive the same level and quality of service. The City of Eugene responded to increasing density in Santa Clara and the location of several assisted living facilities

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<sup>23</sup> Personal communication with Skip Smith, Santa Clara RFPD Chief, March 26, 2004.

<sup>24</sup> Letter dated April 8, 2003, from Chief Thomas Tallon of the Eugene Fire & EMS to Chief Skip Smith of the Santa Clara RFPD. Personal communication with Matt Shuler, Deputy Chief, Administration. March 23, 2004.

<sup>25</sup> Personal communication with Matt Shuler, Deputy Chief, Administration. March 23, 2004.

with a new station in the area. Station 11 was located to best serve City residents with fire and EMS.

**RRWD** reports that the loss of revenue from annexation of areas within its district does not adversely impact its financial stability.

**LRF/R** serves a small portion of the Santa Clara area and its total service district extends well beyond Santa Clara. LRF/R reports that the loss of revenue from annexation of areas within its district does not adversely impact its financial stability. LRF/R has an Ambulance Service Area that helps to financially stabilize the organization.

**Santa Clara RFPD** is constrained by the loss of revenue from the City of Eugene now that Eugene has established Station 11. Santa Clara RFPD is still maintaining two fire stations with fewer resources. The District is also losing its tax base as the City of Eugene annexes areas. Its volunteer structure is appropriate for a rural area, but results in higher response times under the current circumstances.<sup>26</sup> Santa Clara RFPD's tax base is almost all within the Eugene urban growth boundary: the District would be seriously diminished under full annexation.

## CONCLUSIONS

In River Road, annexed and unannexed residents are getting the same service as other City residents, but unannexed areas pay less for the same service than the City spends on providing the service. Property owners pay the RRWD \$1.969 per \$1,000 in assessed value for properties within its service district. The RRWD pays the City \$2.28 per \$1,000 in assessed value for fire service to properties within its service district. The RRWD uses a portion of monthly water charges to cover the difference between its tax rate and the charges for fire and EMS service. Even so, RRWD and its residents pay less than the actual cost for providing fire and EMS services.

In Santa Clara, residents of annexed parts of Santa Clara may get slightly lower level of service than other City residents because currently there is not a fully functional, fully equipped fire station in the area. The City is building a new station in the area, which will raise the level of service to be commensurate with the rest of the City.

Unannexed Santa Clara receives a service level designed for rural and suburban areas provided by a mixture of paid and volunteer staff. While the LRF/R and Santa Clara RFPD are well trained and well equipped, they do not fully staff fire stations 24 hours a day. This means that residents are not receiving equivalent service from the rural fire departments as they would from an urban fire department. In the event of a major conflagration, the City will assist and support the volunteer districts and vice versa.

The LRF/R District reports that it is financially stable. Its boundaries extend well beyond Santa Clara, so it generates property tax revenue from much more than

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<sup>26</sup> Personal communication with Skip Smith, Santa Clara RFPD Chief, March 26, 2004.

properties in Santa Clara. In addition to tax revenue, the LRF/R generates revenue from the ASA. Property owners in the LRF/R District pay \$2.1174 per \$1,000 in assessed value for fire and emergency services. The Santa Clara RFPD District is not financially stable. Its tax base is diminishing and it is operating two station houses. With the addition of the City's Station 11, there is a duplication of services in the southern portion of Santa Clara. Property owners in the Santa Clara RFPD pay \$1.0439 per \$1,000 in assessed value for fire and emergency services.

The LRF/R and Santa Clara RFPD are expending less on fire and EMS services than the City of Eugene expends and residents of those volunteer fire districts are receiving a rural level of service. Because of the back-up from the City of Eugene, it is also probably the case that residents in Santa Clara pay less than the full cost of the service they receive. Table 5-8 summarizes the service levels and costs for fire and EMS.

**Table 5-8. Summary of fire and EMS service levels and costs, FY03-04**

Taxing District	Level of Service	Components of Cost	Taxes Paid Based on Assessed Value			
			Property tax contribution per \$1,000 in Assessed Value	Single Family Home \$115,000 (assessed value)	Commercial Property \$750,000 (assessed value)	Vacant Lot \$35,000 (assessed value)
<b>City of Eugene</b>						
	City of Eugene: Urban Service ISO Level 2	Calculated portion of \$7.0058 per \$1,000 assessed value for Fire and EMS based on portion of reliance on General Fund nondedicated revenues plus General Obligation Bond payments per \$1,000 assessed value for Fire and EMS bonds. The City of Eugene expends the equivalent of \$2.54 per \$1,000 in assessed value, on General Fund Fire and EMS services and capital.	\$1.98	\$228	\$1,485	\$69
<b>River Road Water District</b>						
	City of Eugene: Urban Service ISO Level 2	The RRWD collects \$1.9694 per \$1,000 in assessed value for fire and EMS. The RRWD The RRWD pays the City of Eugene \$2.28 per \$1,000 in assessed value for Fire and EMS	\$1.97	\$226	\$1,477	\$69
<b>Lane Rural Fire/Rescue</b>						
	Rural Service with volunteer and paid personnel on 24-hour call, fully hydranted with adequate water flow, Ambulance Service, compliant with federal and local training and equipment regulations. ISO Level 4	\$2.1174 per \$1,000 assessed value includes the cost for operations and capital funds per household.	\$2.12	\$244	\$1,588	\$74
<b>Santa Clara Rural Fire Protection District</b>						
	Rural Service with volunteer and paid personnel on 24-hour call, fully hydranted with adequate water flow, 1 to 2 minutes longer response time than City of Eugene, compliant with federal and local training and equipment regulations. ISO Level 4	\$1.0439 per \$1,000 assessed value includes the cost for operations and capital funds per household.	\$1.04	\$120	\$783	\$37

Source: Compiled by ECONorthwest.